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STATE OF CALIFORNIA
DEPARTMENT OF INDUSTRIAL
RELATIONS
DIVISION OF APPRENTICESHIP
STANDARDS

AUDIT REPORT
For

**Joint Apprenticeship Committee
Operating Engineers 46 Northern
Counties in California, JATC,
File 09431**

The Division of Apprenticeship (DAS) Mission Statement creates opportunities for Californians to gain employable lifetime skills and provides employers with a highly skilled and experienced workforce while strengthening California's economy

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SUMMARY

The Division of Apprenticeship Standards (DAS) presents its audit report concerning the Operating Engineers for the 46 Northern Counties in California Joint Apprenticeship Training Committee (JATC) program; DAS file number 096431, (hereafter "Program"). The audit was performed during March 24, through April 9, 2008 and was conducted pursuant to California Labor Code §3073.1.

It is apparent that throughout the audit process the program is committed to providing adequate training to the apprentice. Program staff is dedicated and focus on graduating journey level Operating Engineers in all occupations.

GRADUATION RATES REPORTED

Year	Program	Industry Average	Percent of Industry Average
2000	76.9	*	*
2001	73.5	74.53	99%
2002	59.2	65.63	90%
2003	58.4	65.49	89%
2004	56	62.13	90%
2005	40.2	49.1	82%
2006	21.4	*	*

* Data is not available

GRADUATION NUMBERS CORRECTED AND REPORTED

NUMBER OF REGISTERED APPRENTICES

DAS Records Based Upon Program's Submittals	780	According to Program	760
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FINDINGS AND RECOMMENDATIONS

In the detailed report which follows, the Division of Apprenticeship Standards (DAS) Auditor, found that the program is committed to providing a successful apprenticeship program. Throughout the audit, the program made every effort necessary to share all information relating to the audit. The program is in compliance with their approved standards and legal requirements.

The program is doing a good job at keeping apprentices on schedule. The training facility and its instructors keep accurate records on class attendance and completion of Related Supplemental Instruction (RSI). Accurate records are in place to notify employers of Apprentice upgrades and rate increases and apprentices are keeping continuously employed. The program is aware of the apprentices unemployment rate; however it is anticipated once the Bonds for rebuilding California are in effect the apprentices will be working.

The Operating Engineers for the 46 Northern Counties in California, Joint Apprenticeship Training Committee (JATC) are committed to helping apprentices reach their goal of becoming a journeyman in the trade.

Detailed findings and recommendations are included in this report. The coordinator was presented with a summary of the findings and a recommendation was presented to assist him in preparing the appropriate corrective action. The DAS will visit the program in the future to verify compliance with the recommendations. These DAS audit procedures allow the program to respond to the recommendations and their response will become part of this formal report.

AUDIT HIGHLIGHTS.....

The review of the Operating Engineers for the 46 N. Counties in California Joint Apprenticeship Training Committee (JATC) program; Division of Apprenticeship Standards (DAS) file number 09431, (hereafter "Program") found that:

- ☑ Our review found that the program has submitted revision of standards as of February 8, 2008 and are in the final clearance process in the DAS Operational Support office.
- ☑ The program requires all apprentices to sign and confirm that they understand the programs Rules and Regulations. The apprentice files did contain signed copies of this document.
- ☑ The review found the number of registered apprentices for this program was correct.
- ☑ The program files did contain consistent verifiable OJT work hours. The apprentice is required to complete an apprentice diary to track work processes and OJT work hours, all files contain a copy of the time cards. Work processes are consistent with program apprenticeship standards. Records of disciplinary actions due to poor work performance or absences were found in a few apprentice files.

Continued on next page

INTRODUCTION/BACKGROUND

On March 24-26 and April 2, 9, 2008, the auditor met with key administrative personnel, examined records, observed administrative activities, conducted a walk-through of the training facility and visited a few job sites in connection with the audit. The Joint Apprenticeship Training Committee (JATC) Operating Engineers for the 46 Northern Counties in California, program operates as a joint Labor and Management Cooperative; the principal partners in the cooperative are the members of the Associated General Contractors of California, Inc. Local 3. The program has an Apprentice Trust Fund. The programs funding mechanism comes from employer contributions, Related Supplemental Instructional (RSI) Funds.

The daily operations, management and administrative functions are run by primary staff, which consists of, the Director of Apprenticeship, two (2) Apprenticeship Coordinators, two (2) full time office staff for apprenticeship and ten (10) Training Instructors. The program office is located at 14738 Cantova Way, Sloughhouse, CA 95683.

Employers are approved to train when they have completed an Agreement to Train Apprentices, DAS-7 form. The program indicated that they dispatch to both union signatory employers and non-union employers who agree to abide by the program's standards, rules, regulations and policies.

The apprenticeship program provides a training program for the following nine (9) occupations:

<u>Name of Occupation</u>	<u>Term of Apprenticeship</u>	<u>Number of Apprentices</u>
Construction Equipment Operator	39 months	562
Heavy Duty Repairer	51 months	107
Mobile Vertical/Horizontal Drilling-Machine Operator	39 months	2
Mobile Concrete Pumps Operator	39 months	0
Crane Operator	51 months	63
Dredge Operator	39 months	1
Plant Operator	39 months	1
Grade Checker	24 months	15
Construction Lube Technician	24 months	9

The Related and Supplemental Instruction is provided by the programs training center which is at the same site as the program operations. Each apprentice enrolled receives a comprehensive orientation packet that includes the rules and regulations, an explanation of the program standards, the apprentice diary book and a class schedule. Department of Education is the apprenticeship program's Local Education Agency (LEA).

- ☑ The job site review found that the apprentices are knowledgeable on how to complete the work diary.
- ☑ The program has completed and submits the annually required Self-Assessment Review and Program Improvement Plan to DAS.
- ☑ The program committee meeting minutes include formalize motions to approve indentures, upgrades, prior credit, cancellations, completions, evaluations and discipline of apprentices.

SCOPE AND FOCUS

The principal objectives of the audit are to ensure the program is complying with their standards, that all on-the-job training is performed by a journeyman, that all related and supplemental instruction required by the apprenticeship standards is being provided, that all work processes in the apprenticeship standards are being covered, and that graduates have completed the apprenticeship programs' requirements.

The audit focused on reviewing records and activities that tend to support and substantiate the programs' efforts, practices, system and capabilities to provide and deliver the on-the-job training and related instruction. The programs' policies and procedures and procedures were reviewed to determine if they support the programs' approved standards.

METHODOLOGY

After completing an initial review of the programs' standards and records on file with the DAS, an audit plan was established with the following steps:

1. Notified the program 14 days in advance of our intent to audit.
2. Prepare an entrance interview
3. Organization of all working paper to conduct the interview
4. Confirm the location where records are maintained
5. Conduct a review of all apprentice files
6. Set the time and date of the meeting
7. Schedule inspection of the training facility and job sites
8. Request and review copies of the committee meeting minutes for the last 12 months.

All steps listed above were accomplished and include interviews with primary staff, apprentices and job site supervisors'.

AUDIT RESULTS

1. STANDARDS

The objective is to determine whether the programs are submitting periodic revisions to their standards and if their standards are reasonably current. "Standards" are a written document containing all terms and conditions for the qualification, recruitment, selection, employment and training, working conditions, wages, employee benefits and other compensation for apprentices. It may also include other provisions and statements. All apprenticeship programs are required to submit their apprenticeship standards to the DAS Chief for approval. The California Code of Regulations states the program must submit revisions to its standards when necessary. The DAS must ensure that the program is complying with the standards. It must have a current and complete revision.

(a) Findings

- (1) The audit review found that the program has submitted revisions of standards regularly. The latest set of standards has been submitted February 26, 2008 and is in final clearance.

(b) Recommendations

- (1) The program should continue with updating standards in the future review and update standards as needed.

Article IV (5) of the program's standards, Section 205 (f), 212 (a)(6) (7), (c)(2) (11) of the California Code of Regulations states that the program sponsor must submit revisions to its standards when necessary.

2. RULES AND REGULATIONS

The objective is to determine if the programs have adequate rules and regulations, are implementing them as required, and provide a copy of them to the apprentices. The rules and regulations can be defined as an orientation or workshop session that explains the apprenticeship program standards and the operation of the apprenticeship program. It includes information on what is expected by both the program and the apprentice. When the apprentice is approved by the program to enter the training (passes an oral interview) he/she is given a copy of the rules and regulations and attends an orientation session with both the coordinator and educational instructor. Then the apprentice must sign the document indicating they have received, read and understood the rules and regulations.

(a) Findings

- (1) The apprentices are given an orientation session (held at the Rancho Murieta training center) which explains the apprenticeship process, and the operation of the apprenticeship program. Each orientation is specialized, which reflects the specific occupation

(DOT code). It is evident the program has an excellent format in process when operating the orientation.

(2) All Apprentices are given a copy of the rules and regulations, and an opportunity to read the standards; they must sign an acknowledgement of receipt.

(3) All files reviewed contain a copy of signed policies by the apprentice.

(4) Apprentices who fail to follow the rules and regulations and are not meeting the program's requirements are cited to appear before the committee. The Apprentice files contain examples of disciplinary actions and are documented in meeting minutes.

(b) Recommendations

(1) The program should continue with the process and evaluate as needed in terms of continual improvement.

(2) The program should continue with the prescribed procedures.

(3) The program has demonstrated adequate files containing close monitoring of each apprentice.

(4) The program is doing a good job in keeping the apprentice informed of all apprentice requirements.

Article VI (2) of the program's standards, Section 3071, 3073, and Section 212 (a) (6) (7), (c) (2) (3) (8), (14) of the California Code of Regulations states that the program must establish rules and regulations that govern the program.

3. ACTIVE APPRENTICES AND CANCELLATIONS

The review of this item is to determine if the program is monitoring apprentices as they enter and proceed through the program. It is also to determine if the program is maintaining accurate records on both the active and cancelled apprentices. The program should have the ability to provide evidence of procedures used for periodic reviews and evaluation of the apprentice's progress in job performance and related instruction and maintenance of appropriate progress records. In addition, the program should have a process in place to notify the DAS when an apprentice leaves the program.

(a) Findings

(1) The program has a structured process in place which consists of an application, a valid California Driver's License, physical requirements, and a written test. All applicants are notified in writing of acceptance or rejection.

(2) The DAS database indicates the program shows the numbers of registered apprentices for this program were different from the programs number.

(3) The program has documentation of each apprentice active and cancelled. All hard copy files are kept in the Rancho Murieta training site. All files are found in one major computer application. Staff is able to collect information and print any and all information pertaining to any apprentice.

(4) The program is monitoring the apprentice progress as they proceed through training by reviewing elevations from the employer, training instructor and the Apprenticeship coordinator.

NUMBER OF REGISTERED APPRENTICES

DAS Records Based Upon Program's Submittals	780	According to Program	760
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(5) The apprentices' files indicated a well maintained system. All files provided evidence of periodic reviews and evaluation of the apprentice's progress in job performance and related instruction.

(b) Recommendations

(1) The program will keep the consultant informed of indentures, cancellations and completions in a timely manner. It is the programs practice to hold cancellations for 30 days, which will allow the apprentice to file a timely appeal.

(2) The DAS will update the database to reflect the correct number of indentures.

Section 205 (a)(1)(2) (i), 212 (a)(6) (7)(8), (b)(9), (c)(2)(10) 224 of the California Code of Regulations states that the program sponsor must maintain accurate apprenticeship records and submit changes, updates and revisions of an apprentice's status when necessary.

4. ON -THE JOB TRAINING (OJT) PROGRESS RECORDS, ADVANCEMENTS AND EVALUATIONS

The review is to determine if apprentices are progressing on schedule, that the program is maintaining adequate OJT records, receiving periodic evaluations and if the program has an adequate records and a system in place to ensure that apprentices are covering all the work processes.

The program uses the following items to track apprentice's schedule, OJT records, periodic evaluations and work processes:

- The apprentice must abide by the requirements set by the program and the terms of the JAC.

- The apprentice uses a diary, which is provided to each apprentice at the time of orientation. The apprentice documents all work processes and track his/her work hours.
- The apprentice turns in a time card due the eighth of each month. It is reviewed by the employer and apprenticeship coordinator. Data is entered by the training center which reflects the work processes completed that month.
- School Evaluation form from the instructor and Apprentice Record of Absence or Late form (school attendance) to assure required supplemental instruction is complete. Evaluation test at the end of each semester before progressing on to the next level of training and must maintain a "C" grade average or above.
- When periodic evaluations are completed, the program will notify the employer and apprentice when advancements are earned insuring timely upgrades and employer being aware of proper rates of pay and benefits.

The audit review found that time cards to be accurate. In addition, the work processes listed on the time cards were consistent with the program standards. The work performed at each employer work site varied due to the many different occupations reviewed.

(a) Findings

- (1) The apprentice files did show verifiable work hours and were consistent. The employer evaluations and monitoring records were in place and consistent.
- (2) The files contained a consistent record of all absences related to school attendance. The program requires that all instructors maintain class attendance rosters. All attendance records are submitted to the training center for data entry.
- (3) The audit review found that a few apprentices where past the DAS expected completion date. After discussion with program, the down turn in projects (employment cut backs) reflects the amount of hours that apprentices are working.

(b) Recommendations

- (1) The program should continue with this process and look for possible continuous improvement.

Section XVII of the program's standards, and Section 3073.1, 3076, 3078(e) of the Labor Code, and Sections 208, 210, 212(a) (4) (5) (7) (8), (b) (9), (c) (2) (6) (8) (9) (16) (18), of the California Code of Regulations. The program must offer training and supervision in all the work processes defined in its standards and has a system to ensure that apprentices cover all the work processes. The program must have a system of documenting and maintaining records that will assist in the review and evaluation of the apprentice's progress in job performance. The program must have a procedure for recording and maintaining accurate records, and a procedure for periodic review and evaluation of progress.

5. RELATED AND SUPPLEMENTAL INSTRUCTION (RSI)

The objective of our examination was to determine if apprentices are progressing on schedule, attending classes, covering the entire course of study, and to ensure the programs are maintaining accurate records with adequate systems in place to provide training.

The program has Related and Supplemental Instruction (RSI) and a Local Education Agency (LEA) which is the state of California, Department of Education. The program is assigned the oversight of the related training curriculum. The classroom training center is located at the same location as the program.

The apprentice files included records of attendance, classroom hours, and evaluations/grade reports from the instructor. The Apprentices will attend 200 hours of RSI with these 200 hours being a portion of the required first period 1200.

(a) Findings

(1) The audit review found the program is doing a good job of monitoring the apprentice progression through the required supplemental instruction and is providing the appropriate courses for all (9) nine occupations.

(2) The minimum industry training criteria, (industry standard), as put forth by the Operating Engineer Advisory Committee, states that no less than 144 hours per year of RSI is required. However, the standards reflect 80 hours per year.

(b) Recommendation

(1) The program will continue monitoring the Apprentice(s) on how the Apprentice(s) is progressing in their required educational courses. Program should continue to review curriculum and develop new courses to cover additional needs when necessary.

(2) The program and senior consultant are working to correct the variation of RSI hours between the industry standards and program standards.

Section XVI of the program's standards, Section 3073.2, 3078(d), of the California Labor Code, and Section 205(e)(h), 212(a)(3)(6)(7) (c)(13)(14) of the California Code of Regulations states that it is recommended that the program provide a minimum of 144 hours per year of supplemental instruction for each year of apprenticeship and adequate arrangements for related and supplemental instruction, and have the ability and commitment to train apprentices with current industry standard criteria.

6. TRAINING CENTER

The objective is to ensure the program has adequate facilities, tools, materials and equipment to train apprentices, and to determine if the facilities are utilized and adequate for training.

There are ten certified instructors in this program. Instructors are dedicated full-time. During the audit visit, a class was in session. The auditor spoke with one instructor and later was given a tour of the training facility. The training center is located next to the program. The training center consists of several large classroom and shop labs utilized for demonstrations and on-hand operations. The training center also provides dormitories for the students. Additionally, a cafeteria is located on the site.

(a) Findings

- (1) The audit review of the training facility found it to be a well organized training site; an outstanding facility in its variety of training occupations for the Apprentices.

(b) Recommendation

- (1) The program should continue current practices and insure plans for future growth are based upon the successful model.

Section 3074 of the California Labor Code—Section 212(a) (3) (4) (8), (c) (13) (12), 212.3 of the California Code of Regulations states that the program sponsor must have adequate arrangements for related and supplemental instruction.

7. MECHANISM TO KEEP APPRENTICES REASONABLY EMPLOYED

The objective is to determine if apprentices are kept reasonably employed, to ensure the program has adequate systems in place to rotate apprentices so they cover all work processes, and to provide apprentices with continuing employment in the event of a layoff.

The review found the program has an established system to keep apprentices reasonably employed and to provide them with continuing employment in the event of a layoff. Apprentices are dispatched from the Out of Work List, which is maintained by the Job placement center. The coordinator, also through communication with employers, can place an apprentice. It is the apprentice responsibility to keep the office advised of any phone or address changes that may occur.

(a) Findings

- (1) The program has a process in place to send out apprentices to employers.
- (2) The records found the referral/dispatch system keeps the apprentices reasonably employed.
- (3) The program acknowledges the Out of Work List is large; program anticipates full employment once the California bonds become effective.

(b) Recommendation

- (1) The program should continue the system they have in place and encourage additional employer involvement.

Section 3080 of the Labor Code, and Section 212 (b) (7) (9), (c) (16) (18) of the California Code of Regulations, the program(s) must have a mechanism to keep apprentices reasonably employed and maintain accurate documentation Section 3080 of the Labor Code, and Section 212 (b) (7) (9), (c) (16) (18) of the California Code of Regulations.

8. JOB SITE VISIT

A review of the job site offers an opportunity to view a job in progress, observe the work that is being done, and allows us to discuss the operation of the program with the apprentice. It enables direct contact with the apprentice to determine the following:

- If the apprentice is performing the various task listed within the work processes of their trade.
- If advancements are made on schedule.
- If the apprentice is receiving the correct pay and benefits.
- If the apprentice is kept employed on a reasonably continuous basis.
- If the programs' mechanism to keep apprentices reasonably employed is adequate.

The program suggested six job site locations to visit. Telephone calls were made to arrange a review of the job site and contact was made with three locations.

The auditor visited a work site located in Sacramento, California. The job site review found one apprentice working as a heavy duty repairer. The second work site located in Shingle Springs, California found one apprentice working as a construction equipment operator, and the third site, Roseville, California (Galleria), found one apprentice working as a crane operator. Interviews were conducted with the three apprentices and found they have the equipment, materials and tools of the trade sufficient to train apprentices. Each apprentice receives proper pay and benefits and attends OJT classroom training. The interviews confirmed apprentices are advanced on schedule. Confirmation that each apprentice writes in the total hours in a personal work diary. The interview with apprentices indicates that the correct ratio journeyman to apprentice is being met.

(a) Findings

- (1) The auditor found that apprentices are properly completing the work diary and time card process.

(b) Recommendations

- (1) Apprentices' appear to be completely satisfied with the apprenticeship program.

Section 208, 212(a) (1) (2) (4), (b) (4) (5) (6), (c) (6) (13) (14) of the California Code of Regulations states that all on-the-job training will be performed by journeymen, that all related and supplemental instruction required by the apprenticeship standards will be provided, that all work processes in the apprenticeship standards are being covered, and that graduates have completed the apprenticeship program's requirements.

9. SELF-ASSESSMENT REVIEW AND PROGRAM IMPROVEMENT PLAN

The objective is to determine if the program has submitted the annual Self-Assessment Review and Program Improvement Plan. The California Code of Regulations Title 8, Section 212.3 requires programs to perform an annual self-evaluation and to create an improvement plan. The DAS now requires that each program submit a copy of their Annual Self-Assessment Review and Program Improvement Plan to their apprenticeship consultant by December 1 of each year.

(a) Findings

- (1) The required annual Self-Assessment Review and Program Improvement Plan have been submitted for 2007 on September 18, 2007.

(b) Recommendations

- (1) The program will continue to submit the Annual Self Assessment Review and Program Improvement plan for 2008.

Section 212 (a) (6) (7), (c) (2) (11), 212.3 of the California Code of Regulations states that the program sponsor must submit annually a Self-Assessment Review and Program Improvement Plan to the DAS.

10. COMMITTEE MEETINGS AND MINUTES OF MEETING

Joint Apprenticeship Committees have equal representation from labor and from management. Each committee also includes a consultant representing the DAS or the Bureau of Apprenticeship and Training, U.S. Department of Labor. There is also an advisor from the local public school district and such other advisors and the apprenticeship consultant act without vote. This committee is responsible for administering the standards for this program. In carrying out its functions, the committee has certain authority under the law. The actions, therefore, must be in accordance with approved apprenticeship standards and should be recorded in the minutes.

The objective is to determine if the apprenticeship committee is meeting on a regular basis, documenting actions, discussing and reviewing apprenticeship records, and making appropriate assessments and evaluations.

The committee provided the program meeting minutes for the past year. The meetings are held quarterly, unless more meetings are necessary to address certain issues. The frequency of the meetings was established and written in a trust document. As a reminder, a one week advance notice is sent out to all members and guest of the committee.

The programs rules and regulations state that this committee is a Labor/Management Co-Operative. Also noted in the rules and regulations are the three Labor Trustees and three Management Trustees. The committee also includes the apprenticeship coordinator and Local Education Agency Representative (LEA).

(a) Findings

- (1) The audit review found well maintained minutes which detail meetings that contain applicants of apprentices, request of credits for previous experience, advancements, disciplines, reviews and evaluation and among other things.

(b) Recommendations

- (1) The program committee will continue with regular meetings, and maintaining accurate records.

Section 3076, 3080(b), 3078(d)(f), 3079, 3093(k), of the California Labor Code, and Section 213, 218, 212(7), 208(5), 205(e)(f)(g)(i), 212(c)(1)(6) (9), 224 of the California Code of Regulations states that the program sponsor must maintain adequate documentation and records.

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11.COMMENTS FROM PROGRAM SPONSOR

Comments, if submitted by the program sponsor during the 14-day review and comment period, will be included with this report to the Chief of DAS and ultimately to the California Apprenticeship Council.

12.CORRECTIONS AND TIMELINE

The audit findings and recommendations are set forth in this report. The program has 14 days from the receipt of this report to review and submit comments on the report.

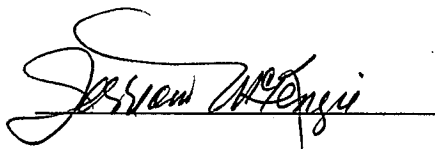
Within 10-days following the receipt of comments or the completion of the comment period, a final report will be submitted by the Chief of DAS to the California Apprenticeship Council.

The final report will detail the findings with recommendations for remedial actions. The programs must remedy all deficiencies and be in full compliance with their apprenticeship standards. The programs must notify the DAS in writing when deficiencies have been remedied. A DAS representative will schedule an appointment to review the completion of the remedial actions. Failure to comply may be grounds for withdrawing state approval of the apprenticeship programs.

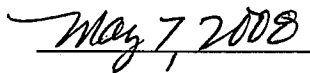
13.REMARKS

The results of this audit do not modify, replace or negate other duties and requirements or any previous notices you may have received regarding the fulfilling of your obligations prior to or after the audit period. In addition, law changes or new rulings might result in different findings in future audits.

Respectfully submitted by,



Jerriann McKenzie
Apprenticeship Consultant
DAS, Sacramento District Office



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Jerriann McKenzie

From: Carrillo, Kim [KCarrillo@oe3.org]
Sent: Thursday, May 29, 2008 11:09 AM
To: Jerriann McKenzie
Cc: Castillo, Tammy
Subject: Operating Engineers DAS File #09431 Audit

This message is sent on behalf of Tammy Castillo:

Thank you for your follow up phone call Jerri. Yes the JAC received the Audit Report and we are pleased with the findings. The JAC has no further comments.

Sincerely,
Tammy Castillo
Director of Apprenticeship
Operating Engineers JAC

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